



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
LOGAN COUNTY FISCAL COURT**

Fiscal Year Ended June 30, 1998

**EDWARD B. HATCHETT, JR.
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Edward B. Hatchett, Jr.
Auditor of Public Accounts

To the People of Kentucky
Honorable Paul E. Patton, Governor
John P. McCarty, Secretary
Finance and Administration Cabinet
Sarah Jane Schaaf, Secretary, Revenue Cabinet
Honorable John H. Guion III, County Judge/Executive
Members of the Logan County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of assets, liabilities, and fund balances arising from cash transactions of Logan County, Kentucky, as of June 30, 1998, and the related statement of cash receipts, cash disbursements, and changes in cash balances for the year then ended. These financial statements are the responsibility of the Logan County Fiscal Court. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Logan County, Kentucky, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and laws of Kentucky. Consequently, certain revenues and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when a liability is incurred. The cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balances arising from cash transactions of Logan County, Kentucky, as of June 30, 1998, and the related statement of cash receipts, cash disbursements, and changes in cash balances as of and for the year ended June 30, 1998, in conformity with the cash basis of accounting described above.

To the People of Kentucky
Honorable Paul E. Patton, Governor
John P. McCarty, Secretary
Finance and Administration Cabinet
Sarah Jane Schaaf, Secretary, Revenue Cabinet
Honorable John H. Guion III, County Judge/Executive
Members of the Logan County Fiscal Court

Our audit was performed for the purpose of forming an opinion on the financial statements of Logan County, Kentucky, taken as a whole. The information provided on the accompanying schedules is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued our report dated November 30, 1998, on our consideration of Logan County, Kentucky's compliance with certain provisions of laws, regulations, contracts, and grants, and internal control over financial reporting.

Best Business Practices

- Separation of duties as much as possible:

Logan County has done a good job separating the various accounting functions and implementing controls in their computer system.

- Good supervision by management:

The County Judge/Executive is very knowledgeable of the county's transactions and the laws and regulations relating to the operation of the county. He reviews employees' work and provides guidance in the daily operations of the county.

- Cooperation with other agencies:

The county attempts to cooperate whenever possible with other agencies to provide services to the county, thus avoiding duplication of services and expenses to the citizens of Logan County.

Respectfully submitted,



Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
November 30, 1998

LOGAN COUNTY OFFICIALS

Fiscal Year Ended June 30, 1998

John H. Guion III	County Judge/Executive
Thomas A. Noe III	County Attorney
Kenny Chapman	County Clerk
Jim Nealy	Circuit Court Clerk
Dannie Blick	Sheriff
Bill Jenkins	Jailer
Ben Brown	Property Valuation Administrator
Elaine Jenkins	County Treasurer
Phil Gregory	Coroner
Dickie Carter	Magistrate
Wayne Stratton	Magistrate
Ronald Starks	Magistrate
Loyd Houchens	Magistrate
Wyatt Ezell	Magistrate
Joe Pillow	Magistrate

STATEMENT OF ASSETS, LIABILITIES,
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

LOGAN COUNTY
STATEMENT OF ASSETS, LIABILITIES, AND
FUND BALANCES ARISING FROM CASH TRANSACTIONS

June 30, 1998

Assets and Other Resources

Assets

General Fund:

Cash	\$ 543,249
------	------------

Road and Bridge Fund:

Cash	633,620
------	---------

Jail Fund:

Cash	23,448
------	--------

Jail Commissary Fund:

Cash	4,927
------	-------

Local Government Economic Assistance Fund:

Cash	70,642
------	--------

Public Hospital Corporation Fund:

Investments	1,700,099
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Payroll Account

Cash	19,272
------	--------

Other Resources

Jail Fund:

Amounts to be Provided in Future Years for Health	
Department Building Capital Lease Obligations	46,000

Total Assets and Other Resources

	\$ 3,041,257
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The accompanying notes are an integral part of the financial statements.

LOGAN COUNTY
 STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES
 ARISING FROM CASH TRANSACTIONS
 June 30, 1998
 (Continued)

Liabilities and Fund Balances

Liabilities

General Fund:

Capital Lease Obligation - KCOLT Lease - Health Department Building (Note 4)	\$ 46,000
Payroll Account	19,272

Fund Balances

Reserved:

Jail Commissary Fund	4,927
Public Hospital Corporation Fund (Note 7)	1,288,407

Unreserved:

General Fund	543,249
Road and Bridge Fund	633,620
Jail Fund	23,448
Local Government Economic Assistance Fund	70,642
Public Hospital Corporation Fund (Note 7)	<u>411,692</u>

Total Liabilities and Fund Balances	<u>\$ 3,041,257</u>
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The accompanying notes are an integral part of the financial statements.

STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

LOGAN COUNTY
STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

Fiscal Year Ended June 30, 1998

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Cash Receipts</u>				
Schedule of Operating Revenue	\$ 4,040,216	\$ 2,193,239	\$ 1,137,952	\$ 343,299
Transfers In	457,727			350,000
Kentucky Advance Revenue Program	894,995	758,305	136,690	
Prior Year Voided Checks	2,260	153		2,107
Jail Commissary Fund Receipts	39,682			
Total Cash Receipts	<u>\$ 5,434,880</u>	<u>\$ 2,951,697</u>	<u>\$ 1,274,642</u>	<u>\$ 695,406</u>
<u>Cash Disbursements</u>				
Comparative Schedule of Final Budget and Budgeted Expenditures	\$ 4,021,705	\$ 1,859,917	\$ 1,112,162	\$ 689,932
Transfers Out	457,727	457,727		
Lease Purchase Agreement	39,011	39,011		
Kentucky Advance Revenue Program Repaid	894,995	758,305	136,690	
Jail Commissary Fund Expenditures	37,211			
Total Cash Disbursements	<u>\$ 5,450,649</u>	<u>\$ 3,114,960</u>	<u>\$ 1,248,852</u>	<u>\$ 689,932</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	<u>\$ (15,769)</u>	<u>\$ (163,263)</u>	<u>\$ 25,790</u>	<u>\$ 5,474</u>
Cash Balance - July 1, 1997*	<u>2,991,754</u>	<u>706,512</u>	<u>607,830</u>	<u>17,974</u>
Cash Balance - June 30, 1998*	<u><u>\$ 2,975,985</u></u>	<u><u>\$ 543,249</u></u>	<u><u>\$ 633,620</u></u>	<u><u>\$ 23,448</u></u>

* Cash Balance Includes Investments

The accompanying notes are an integral part of the financial statements.

LOGAN COUNTY
 STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN CASH BALANCES
 Fiscal Year Ended June 30, 1998
 (Continued)

Jail Commissary Fund	Local Government Economic Assistance Fund	Community Development Block Grant Fund	Public Hospital Corporation Fund
\$	\$ 55,491	\$ 218,835 107,727	\$ 91,400
39,682			
\$ 39,682	\$ 55,491	\$ 326,562	\$ 91,400
\$	\$ 33,132	\$ 326,562	\$
37,211			
\$ 37,211	\$ 33,132	\$ 326,562	\$ 0
\$ 2,471 2,456	\$ 22,359 48,283	\$ 0 0	\$ 91,400 1,608,699
\$ 4,927	\$ 70,642	\$ 0	\$ 1,700,099

LOGAN COUNTY
NOTES TO FINANCIAL STATEMENTS

June 30, 1998

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements of Logan County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Based upon the criteria stated in GASB 14, management has included the Jail Commissary Fund as part of the reporting entity. Also included is the Ambulance Service, Inc., which is reported on an accrual basis and is included as Appendix B.

B. Fund Accounting

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The government uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts.

C. Basis of Accounting

The financial statements were prepared on a cash basis of accounting pursuant to Kentucky Revised Statute (KRS) 68.210 as recommended by the State Local Finance Officer. Consequently, certain revenues and related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when a liability is incurred. The cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts.

D. Legal Compliance - Budget

The Logan County budget is adopted on a cash basis of accounting and laws of Kentucky as required by the State Local Finance Officer. The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

E. Cash and Investments

Cash includes amounts in bank accounts, and investments are stated at cost. Investments may include certificates of deposit on the financial statements; however, for the purpose of disclosing credit risk (Note 3), investments exclude certificates of deposit.

Note 1. (Continued)

E. Cash and Investments (Continued)

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

F. Related Organizations

A related organization is an entity for which a primary government is not financially accountable. It does not impose will or have a financial benefit or burden relationship, even if the primary government appoints a voting majority of the related organization's governing board. Based on these criteria, the following are considered related organizations of Logan County Fiscal Court: Logan County Public Library, East Logan Water District, and North Logan Water District.

Note 2. Employee Retirement System

The county has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system which covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 8.65 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report.

Note 3. Deposits and Investments

The county maintains deposits with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to law, the depository institution should pledge sufficient securities as collateral which, together with FDIC insurance, equals or exceeds the amount on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge of securities should be evidenced by an agreement that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. This agreement, signed by both parties, must be sufficient to create an enforceable and perfected security interest in the collateral under Kentucky law. The county met the requirements stated above, and as of June 30, 1998, deposits were fully insured or collateralized at a 100% level with securities held by the county's agent in the county's name.

Note 3. Deposits and Investments (Continued)

B. Investments

The county's investments are categorized below to give an indication of the level of risk assumed by the county at year-end. Category 1 includes investments that are insured or registered or the securities are held by the county or by the county's agent in the county's name. Category 2 includes uninsured and unregistered investments where the securities are held by the financial institution in the county's name. Category 3 includes uninsured and unregistered investments where the securities were held by the financial institution, but not in the county's name.

Types of Investments	<u> </u> 1	Category <u> </u> 2	<u> </u> 3	Carrying Amount	Market Value
Repurchase Agreement	\$ 1,288,407	\$	\$	\$ 1,288,407	\$ 1,294,068

Note 4. Long-Term Debt

Health Department Building: 10 years at 5.85%

<u>Due Date</u>	<u>Scheduled Interest</u>	<u>Scheduled Principal</u>
98-99	\$ 2,405	\$ 11,000
99-00	1,766	11,000
00-01	1,103	12,000
01-02	407	12,000
Totals	<u>\$ 5,681</u>	<u>\$ 46,000</u>

Note 5. Lease-Purchase Agreement

The county has entered into the following lease-purchase agreement:

Liabilities of the General Fund are:

<u>Description</u>	<u>Purchase Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
Sheriff Vehicle	3/17/98	3/01/00	4.25%	<u>\$ 21,989</u>

Note 6. Investment of the Public Hospital Corporation Fund Bonds

The Public Hospital Corporation issued first mortgage bonds dated July 1, 1979, to provide funds for the construction of Logan Memorial Hospital. The total bond issue of \$580,000 was in denominations of \$5,000 to mature on July 1, 1980 to July 1, 1999, with interest of 5.70 percent to 6.70 percent payable on January 1 and July 1 of each year.

On May 21, 1985, the Logan County Fiscal Court approved a contribution of \$806,424 to the escrow fund for the defeasance of the outstanding bonds. This amount, in addition to the amount transferred from the debt service fund, has been determined to meet all bond and interest payments as they become due. As a result, the corresponding assets and liabilities for bonds are not included on the financial statements. The Southern Deposit Bank of Russellville, Kentucky, is the escrow agent.

Note 7. Restrictions on the Public Hospital Corporation Fund

The proceeds from the sale of the hospital and equipment are to be invested and only the interest earned on these funds are available for use as operating expenditures.

Note 8. Subsequent Events

On January 27, 1998, the court approved an ordinance for the establishment of the Logan County Public Properties Corporation for the purpose of constructing a jail facility. The Public Properties Corporation issued first mortgage bonds dated September 1, 1998, to provide funds for the construction of the Logan County Jail. The total bond issue of \$5,140,000 matures from September 1, 2000, to September 1, 2024. Also, on August 13, 1998, the County approved lease financing of \$300,000 with Kentucky Area Development Districts Financing Trust for the purpose of purchasing land for the jail project.

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COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

LOGAN COUNTY
COMPARATIVE SCHEDULE OF BUDGETED
TO ACTUAL OPERATING REVENUE

Fiscal Year Ended June 30, 1998

<u>Budgeted Funds</u>	<u>Budgeted Operating Revenue</u>	<u>Actual Operating Revenue</u>	<u>Over (Under) Budget</u>
General Fund	\$ 1,893,690	\$ 2,193,239	\$ 299,549
Road and Bridge Fund	1,038,699	1,137,952	99,253
Jail Fund	286,031	343,299	57,268
Local Government Economic Assistance Fund	45,445	55,491	10,046
Community Development Block Grant - Activity Center Fund	220,835	218,835	(2,000)
Public Hospital Corporation Fund	74,000	91,400	17,400
Total	<u>\$ 3,558,700</u>	<u>\$ 4,040,216</u>	<u>\$ 481,516</u>
<u>Reconciliation</u>			
Total Budgeted Operating Revenue Above			\$ 3,558,700
Add: Budgeted Prior Year Surplus			<u>2,966,012</u>
Total Operating Budget Per Comparative Schedule Of Final Budget and Budgeted Expenditures			<u>\$ 6,524,712</u>

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SCHEDULE OF OPERATING REVENUE

LOGAN COUNTY
SCHEDULE OF OPERATING REVENUE

Fiscal Year Ended June 30, 1998

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Revenue From Local Taxes and Excess Fees</u>				
Sheriff:				
Taxes	\$ 682,098	\$ 682,098	\$	\$
Excess Fees - 1997	205,760	205,760		
Excess Fees - 1998	68,822	68,822		
County Clerk:				
Deed Transfer Tax	57,488	57,488		
Delinquent Taxes	10,498	10,498		
Excess Fees - 1997	229,729	229,729		
Excess Fees - 1998	182,534	182,534		
Omitted Tangible Tax	16,979	16,979		
Tangible Personal Property Taxes:				
Other Counties	12,038	12,038		
County Clerk	97,457	97,457		
In Lieu of Taxes:				
Tennessee Valley Authority	57,125	57,125		
Other in Lieu Payments	8,871	8,871		
Totals	<u>\$ 1,629,399</u>	<u>\$ 1,629,399</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Federal Receipts - State Treasurer</u>				
Disaster and Emergency Assistance				
Grants - Coordinator Salary	\$ 783	\$ 783	\$	\$
Community Development Block				
Grants - Work Activity Center	218,835			
Totals	<u>\$ 219,618</u>	<u>\$ 783</u>	<u>\$ 0</u>	<u>\$ 0</u>

LOGAN COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1998
 (Continued)

Local Government Economic Assistance Fund	Community Development Block Grant Fund	Public Hospital Corporation Fund
<u> </u>	<u> </u>	<u> </u>

\$	\$	\$
----	----	----

<u> </u>	<u> </u>	<u> </u>
\$ 0	\$ 0	\$ 0

\$	\$	\$
----	----	----

<u> </u>	<u>218,835</u>	<u> </u>
\$ 0	\$ 218,835	\$ 0

LOGAN COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1998
 (Continued)

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Kentucky State Treasurer</u>				
Jail:				
Allotments	\$ 79,323	\$	\$	\$ 79,323
Medical Allotments	5,497			5,497
Driving Under The Influence Fees	4,135			4,135
Housing State Prisoners	146,061			146,061
Court Costs, Jail Operation	23,080			23,080
Jail Contract with Other Counties	1,180			1,180
County Road Aid	905,945		905,945	
Emergency Funding	25,000		25,000	
Truck License Distribution	151,651		151,651	
Courthouse Rental - Administrative				
Office of the Courts	104,364	104,364		
Refunds:				
Legal Process Tax	163	163		
Drivers License	2,491		2,491	
Dog License	42	42		
State Reimbursement/Refund	57,282	663	265	56,354
Severance Taxes:				
Mineral	54,112			
Board of Assessments	350	350		
Grants:				
Disaster and Emergency				
Assistance Grant -				
Coordinator Salary	202	202		
Totals	<u>\$ 1,560,878</u>	<u>\$ 105,784</u>	<u>\$ 1,085,352</u>	<u>\$ 315,630</u>

LOGAN COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1998
 (Continued)

Local	Community	
Government	Development	Public
Economic	Block	Hospital
Assistance	Grant	Corporation
<u>Fund</u>	<u>Fund</u>	<u>Fund</u>

\$

\$

\$

54,112

<u>\$</u>	<u>54,112</u>	<u>\$</u>	<u>0</u>	<u>\$</u>	<u>0</u>
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LOGAN COUNTY
SCHEDULE OF OPERATING REVENUE
Fiscal Year Ended June 30, 1998
(Continued)

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Miscellaneous Revenue</u>				
Interest	\$ 163,825	\$ 35,066	\$ 35,980	\$
Circuit Court Clerk:				
Jail Bond Fees	3,940			3,940
Work Release	3,000			3,000
Jail:				
Telephone Commission Refunds	3,920			3,920
Licenses and Permits:				
Local Planning Commission	1,250	1,250		
Building Inspection	7,636	7,636		
Cable TV Franchise	1,363	1,363		
Charges for Services:				
Landfill User	148,960	148,960		
E-911 Fees	104,303	104,303		
Reimbursements:				
Health Department	12,491	12,491		
Cities	11,129	11,129		
Lifeskills	109,036	109,036		
Insurance	17,006	13,034	1,279	2,693
Miscellaneous	20,426		8,156	12,270
Rent Income - Parole	7,179	7,179		
Miscellaneous Items	14,857	5,826	7,185	1,846
Totals	\$ 630,321	\$ 457,273	\$ 52,600	\$ 27,669
Total Operating Revenue	<u>\$ 4,040,216</u>	<u>\$ 2,193,239</u>	<u>\$ 1,137,952</u>	<u>\$ 343,299</u>

LOGAN COUNTY
SCHEDULE OF OPERATING REVENUE
Fiscal Year Ended June 30, 1998
(Continued)

Local Government Economic Assistance Fund	Community Development Block Grant Fund	Public Hospital Corporation Fund
<u> </u>	<u> </u>	<u> </u>

\$	1,379	\$		\$	91,400
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<u>\$</u>	<u>1,379</u>	<u>\$</u>	<u>0</u>	<u>\$</u>	<u>91,400</u>
<u>\$</u>	<u>55,491</u>	<u>\$</u>	<u>218,835</u>	<u>\$</u>	<u>91,400</u>

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COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

LOGAN COUNTY
COMPARATIVE SCHEDULE OF FINAL
BUDGET AND BUDGETED EXPENDITURES

Fiscal Year Ended June 30, 1998

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND</u>			
<u>General Government</u>			
Office of County Judge/Executive:			
Salaries-			
County Judge/Executive	\$ 48,341	\$ 48,341	\$
Deputy County Judge/Executive	20,000	19,989	11
Secretaries	13,550	13,518	32
Data Processing Services	2,000	881	1,119
Office Materials and Supplies	3,659	3,659	
New Office Equipment	2,341		2,341
Telephone	3,500	3,367	133
Association Dues	1,000	990	10
Office of County Attorney:			
Salaries-			
County Attorney	18,799	18,798	1
Secretaries	12,450	12,402	48
New Office Equipment	2,000	947	1,053
Office Materials and Supplies	2,600	2,295	305
Telephone	1,700	1,651	49
Rent	4,000	4,000	
Office of County Clerk:			
Salaries-			
County Clerk	48,341	48,341	
Deputies	149,800	145,352	4,448
Temporary/Part-time Help	3,015	3,015	
Social Security	15,850	14,569	1,281
Retirement	17,600	17,066	534
Health Insurance	28,000	24,087	3,913
Unemployment Insurance	435	408	27
Worker's Compensation	750	663	87
Expense Allowance	3,600	3,600	
Maintenance and Repairs-			
Equipment	7,500	6,306	1,194
Building	2,000	1,970	30
Microfilming Records	7,605		7,605

LOGAN COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND (Continued)</u>			
<u>General Government (Continued)</u>			
Office of County Clerk: (Continued)			
Office Materials and Supplies	\$ 6,531	\$ 6,531	\$
Printing and Binding	2,969	818	2,151
Preparing Tax Bills	3,100	2,985	115
Office Equipment	5,000	1,735	3,265
Association Dues	600	600	
Telephone	3,500	2,983	517
Utilities	6,000	5,192	808
Office of Sheriff:			
Salaries-			
Sheriff	48,341	48,341	
Deputies	166,150	161,808	4,342
Bailiff	38,000	37,371	629
Other Salaries	15,150	14,985	165
Overtime Pay	15,250	13,407	1,843
Temporary Part-time Personnel	18,000	14,429	3,571
Social Security	23,100	21,158	1,942
Retirement	23,400	22,808	592
Health Insurance	27,816	24,911	2,905
Unemployment Insurance	700	671	29
Worker's Compensation	7,381	7,291	90
Data Processing Services	3,500	609	2,891
Data Processing Equipment	1,579		1,579
Pager Charges	768	531	237
Maintenance-			
Vehicle	27,620	27,620	
Building	1,500	912	588
Office	700	479	221
Radios	1,696	1,142	554
Lease-			
Interest	1,018	1,178	(160)
Other Contracted Services	1,210	1,210	
Advertising Tax Bills	3,163	3,163	
Bond	3,380	3,321	59

LOGAN COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND (Continued)</u>			
<u>General Government (Continued)</u>			
Office of Sheriff: (Continued)			
Jury Meals	\$ 1,140	\$ 274	\$ 866
Petroleum Products	18,500	16,074	2,426
Uniforms	8,500	7,705	795
Materials and Supplies	7,950	7,950	
Telephone	5,493	5,493	
Utilities	4,000	3,833	167
Association Dues	1,000	950	50
Tow-In	795	795	
Law Enforcement Supplies	2,500	2,500	
Law Enforcement Equipment	8,609	8,609	
New Office Equipment	4,000	1,166	2,834
New Motor Vehicles	19,534	19,244	290
Training	1,750	1,711	39
Travel	30,750	25,877	4,873
Miscellaneous	1,522	1,522	
Office of County Coroner:			
Salaries-			
County Coroner	9,604	9,603	1
Deputy Coroner	2,275	2,275	
Contracted Transportation	3,856	1,725	2,131
Training	850	708	142
Miscellaneous Expenses	825	646	179
Fiscal Court:			
Magistrates-			
Salaries	85,341	85,341	
Advertising	1,700	1,292	408
Association Dues	1,000	924	76
Office of Property Valuation Administrator:			
Statutory Contribution	37,200	35,577	1,623
Office of Board of Assessment Appeals:			
Per Diem	900		900

LOGAN COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	<u>Final Budget</u>	<u>Budgeted Expenditures</u>	<u>Under (Over) Budget</u>
<u>GENERAL FUND (Continued)</u>			
<u>General Government (Continued)</u>			
Office of County Treasurer:			
County Treasurer Salary	\$ 16,475	\$ 16,449	\$ 26
Data Processing	3,000	344	2,656
Office Materials and Supplies	2,100	1,586	514
Telephone	550	492	58
County Law Library:			
Law Librarian Salary	1,200	1,200	
Elections:			
Per Diem-			
Election Commissioners	1,450	1,450	
Election Officers	6,500	6,444	56
Election Tabulator	35	35	
Preparing Voting Machines	5,670	2,750	2,920
Rental Polling Places	900	800	100
Election Printing and Advertising	3,300		3,300
Voting Machines	10,080	10,080	
Economic Development:			
Contribution	25,000	25,000	
Courthouse:			
Janitor Salary	37,350	36,962	388
Custodial Supplies	7,500	6,263	1,237
Improvements or New Construction	23,000	14,644	8,356

LOGAN COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	<u>Final Budget</u>	<u>Budgeted Expenditures</u>	<u>Under (Over) Budget</u>
<u>GENERAL FUND (Continued)</u>			
<u>Protection to Persons and Property</u>			
Building Code Enforcement:			
Salaries	\$ 6,500	\$ 6,271	\$ 229
Telephone	525	508	17
Expenses	700	514	186
County Fire Department:			
Contributions	7,000	7,000	
Disaster and Emergency Services:			
Director Salary	2,760	2,715	45
Civil Defense Contribution	2,000	2,000	
Ambulance Service:			
Contribution	134,847	124,847	10,000
Emergency Dispatch Service:			
Dispatch Service - City	71,295	71,285	10
Emergency 911 - Telephone Equipment	43,000	41,613	1,387
Forestry Fire Protection:			
Kentucky State Treasurer	2,000	1,982	18
Office of Public Defender:			
Contribution	3,100	3,052	48
<u>General Health and Sanitation</u>			
Dog Control:			
Salaries	8,550	8,530	20
Travel	3,000	3,000	
Expenses	1,000	154	846
Solid Waste Collection:			
Coordinator Salaries	19,050	19,038	12
Office Supplies	850	676	174
Repairs and Maintenance- Vehicle	500	374	126
Solid Waste Clean-up and Disposal	5,500	2,718	2,782

LOGAN COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	<u>Final Budget</u>	<u>Budgeted Expenditures</u>	<u>Under (Over) Budget</u>
<u>GENERAL FUND (Continued)</u>			
<u>General Health and Sanitation: (Continued)</u>			
Solid Waste Collection: (continued)			
Law Enforcement Supplies	\$ 1,000	\$ 292	\$ 708
Fuel	1,350	1,185	165
Telephone	1,000	877	123
Travel	850	838	12
Education Program Supplies	1,400	674	726
Miscellaneous	1,000	416	584
Livestock Inspector:			
Salary	300	300	
<u>Recreation and Culture</u>			
Parks:			
Contribution	10,725	10,725	
Airport:			
Contribution	10,500	10,000	500
<u>Debt Service</u>			
Borrowed Money:			
Kentucky Advanced Revenue Program-			
Interest	17,450	16,213	1,237
County Health Building-			
Interest	3,010	2,491	519
Other County Liabilities:			
Prior Year Claims	935		935
<u>Capital Projects</u>			
Buildings:			
Old Lifeskills Building Purchase	85,000	85,000	
Jail	32,151	32,151	

LOGAN COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	<u>Final Budget</u>	<u>Budgeted Expenditures</u>	<u>Under (Over) Budget</u>
<u>GENERAL FUND (Continued)</u>			
<u>Administration</u>			
General Services:			
Audit Services	\$ 14,000	\$ 10,422	\$ 3,578
Data Processing Equipment	5,000		5,000
Insurance	60,880	59,413	1,467
Bond Premium	3,500	3,247	253
Membership	8,000	7,978	22
Registrations, Conferences	4,000	2,458	1,542
Official Travel	3,200	2,068	1,132
Miscellaneous Expenses	2,274	1,504	770
Contingent Appropriations:			
Reserve for Transfers	41,883		41,883
Fringe Benefits:			
County Contributions-			
Social Security	24,200	22,442	1,758
Retirement	27,700	25,216	2,484
Health Insurance	37,000	32,225	4,775
Worker's Compensation	3,646	3,646	
Unemployment Insurance	<u>550</u>	<u>379</u>	<u>171</u>
Total Operating Budget	\$ 2,038,943	\$ 1,859,917	\$ 179,026
Other Financing Uses:			
Kentucky Advance Revenue Program-			
Principal	758,305	758,305	
Principal on Capital Lease Agreement -			
Sheriff Vehicles	29,171	29,011	160
County Health Building	<u>10,000</u>	<u>10,000</u>	
Total General Fund	<u>\$ 797,476</u>	<u>\$ 797,316</u>	<u>\$ 160</u>

LOGAN COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>ROAD AND BRIDGE FUND</u>			
<u>General Government</u>			
Fiscal Court:			
Magistrates-			
Advertising	\$ 500	\$ 494	\$ 6
<u>Transportation Facilities and Services</u>			
Road Facilities:			
Utilities	5,300	3,464	1,836
<u>Roads</u>			
Office of Road Supervisor/Engineer:			
Road Supervisor Salary	21,000	20,987	13
Road Maintenance:			
Salaries-			
Road Labor	235,000	215,545	19,455
Mechanic	16,500	16,449	51
Secretary	12,900	12,893	7
Road Overtime	3,000	45	2,955
Temporary/Part-time Personnel	18,000	12,732	5,268
Asphalt	211,953	211,953	
Concrete	3,500	108	3,392
Crushed Stone and Gravel	200,000	187,346	12,654
Garage Supplies	7,500	3,255	4,245
Petroleum Products	32,000	22,809	9,191
Miscellaneous	2,187	2,187	
Radios	1,200	181	1,019
Machinery and Equipment-			

LOGAN COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>ROAD AND BRIDGE FUND (Continued)</u>			
<u>Roads (Continued)</u>			
Road Maintenance: (Continued)			
Repairs	\$ 27,000	\$ 14,937	\$ 12,063
New Road Machinery	140,000	80,858	59,142
Communications Equipment	3,600	1,905	1,695
Contract	18,000	6,365	11,635
Other Equipment	2,000	985	1,015
Materials	48,456	48,456	
Pipe	17,000		17,000
Signs	3,900	3,435	465
Tools	3,500	139	3,361
Tires and Tubes	12,000	7,280	4,720
Uniforms	7,400	7,088	312
Data Processing Service	750	52	698
Contract Drug Testing	1,100	470	630
Other Materials and Supplies	600	175	425
Borrowed Money:			
Kentucky Advance Revenue Program -			
Interest	3,145	2,923	222
<u>Capital Projects</u>			
Bridges:			
Contracted Construction -			
Bridges	85,000	29,950	55,050
Highways	33,522	33,522	
Buildings:			
Buildings and Construction	30,000		30,000

LOGAN COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	<u>Final Budget</u>	<u>Budgeted Expenditures</u>	<u>Under (Over) Budget</u>
<u>ROAD AND BRIDGE FUND (Continued)</u>			
<u>Administration</u>			
General Services:			
Insurance-	\$	\$	\$
Property and Liability	59,880	59,767	113
Telephone	1,200	1,157	43
Travel	500		500
Building Maintenance	4,000	1,124	2,876
Contingent Appropriations:			
Reserve for Budget Transfers	280,223		280,223
Fringe Benefits:			
County Contributions-			
Retirement	25,300	23,267	2,033
Social Security	23,800	20,300	3,500
Health Insurance	55,500	42,217	13,283
Worker's Compensation	14,583	14,583	
Unemployment Insurance	1,200	759	441
Total Operating Budget	\$ 1,673,699	\$ 1,112,162	\$ 561,537
Other Financing Uses:			
Kentucky Advance Revenue Program-			
Principal	136,690	136,690	
Total Road and Bridge Fund	<u>\$ 1,810,389</u>	<u>\$ 1,248,852</u>	<u>\$ 561,537</u>

JAIL FUND

Protection to Persons and Property

Office of Jailer:

Personnel Services-

Salaries-

Jailer	\$ 48,341	\$ 48,341	\$
Jail Personnel	207,500	203,134	4,366
Administrative Personnel	17,450	16,846	604

LOGAN COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>JAIL FUND (Continued)</u>			
Protection to Persons and Property (Continued)			
Office of Jailer: (Continued)			
Personnel Services- (Continued)			
Food Service Personnel	\$ 19,980	\$ 19,314	\$ 666
Overtime Pay	22,000	19,959	2,041
Temporary/Part-time Personnel	27,500	26,571	929
Operations-			
Cleaning Supplies	11,919	11,919	
Food Preparation and Serving Supplies	3,533	3,533	
Food	66,536	66,536	
Gasoline	600	164	436
Jail Linens	1,629	1,629	
Office Supplies	2,285	2,285	
Prisoner Clothing	881	881	
Prisoner Hygiene	1,642	1,642	
Routine Medical	31,953	31,953	
Staff Uniforms	3,468	3,468	
Telephone	3,554	3,554	
Utilities	14,000	13,221	779
Food Service Equipment	1,555	1,555	
Furniture and Fixtures	600	557	43
Office Equipment	4,547	4,547	
Plant Operation Equipment	4,018	4,018	
Vehicle Maintenance	800	505	295
Housing Prisoners - Other Counties	1,000	990	10
Pest Control	420	420	
Building Repair and Maintenance	4,373	4,373	
Contract Drug Testing	700	630	70
Miscellaneous Operating Expense	6,162	6,162	
Juvenile Detention:			
Contract with Government Agencies	80,949	79,006	1,943

LOGAN COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>JAIL FUND (Continued)</u>			
Protection to Persons and Property (Continued)			
Maintenance-			
Equipment Repairs	\$ 2,061	\$ 2,061	\$
<u>Administration</u>			
General Services:			
Insurance - Building	19,140	19,133	7
Bond	566	410	156
Association Dues	258	250	8
Training	1,424	1,424	
Contingent Appropriations:			
Reserve for Budget Transfers	11,548		11,548
Fringe Benefits:			
County Contributions-			
Retirement	28,250	26,786	1,464
Social Security	25,600	24,393	1,207
Health Insurance	34,169	30,102	4,067
Worker's Compensation	6,965	6,960	5
Unemployment Insurance	780	700	80
Total Jail Fund	<u>\$ 720,656</u>	<u>\$ 689,932</u>	<u>\$ 30,724</u>

LOCAL GOVERNMENT ECONOMIC
ASSISTANCE FUND

General Health and Sanitation

Dog Control:			
Contracted Animal Shelter	\$ 4,500	\$	\$ 4,500
Other Contracted Services	12,000	12,000	

LOGAN COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND (Continued)			
<u>Social Services</u>			
Services to the Indigents:			
Pauper Burials	\$ 2,800	\$ 1,600	\$ 1,200
Senior Citizens Program:			
Senior Programs (BRADD)	3,200	3,200	
Contributions	2,450	2,450	
Other Social Services Programs:			
General Welfare	2,550	2,550	
<u>Recreation and Culture</u>			
Celebrations, Festivals and Culture Programs:			
Contributions	4,900	4,870	30
Other Cultural Programs:			
Archives Secretary	6,500	5,968	532
Archives Supplies	500		500
<u>Administration</u>			
General Services:			
Miscellaneous	950	494	456
Contingent Appropriations:			
Reserve for Budget Transfers	<u>50,095</u>		<u>50,095</u>
Total Local Government Economic Assistance Fund	<u>\$ 90,445</u>	<u>\$ 33,132</u>	<u>\$ 57,313</u>

LOGAN COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	<u>Final Budget</u>	<u>Budgeted Expenditures</u>	<u>Under (Over) Budget</u>
COMMUNITY DEVELOPMENT BLOCK GRANT - ACTIVITY CENTER FUND			
<u>Capital Projects</u>			
Buildings:			
Architect Services	\$ 2,800	\$ 2,800	\$
Contracted Construction	318,762	318,762	
<u>Administration</u>			
General Services:			
Program Support	<u>7,000</u>	<u>5,000</u>	<u>2,000</u>
Total Community Development Block Grant - Activity Center Fund	<u>\$ 328,562</u>	<u>\$ 326,562</u>	<u>\$ 2,000</u>
<u>PUBLIC HOSPITAL CORPORATION FUND</u>			
<u>Administration</u>			
General Services:			
Reserve for Transfers	\$ 1,288,407	\$	\$ 1,288,407
Contingent Appropriations:			
Reserve for Budget Transfers	<u>384,000</u>	<u></u>	<u>384,000</u>
Total Public Hospital Corporation Fund	<u>\$ 1,672,407</u>	<u>\$ 0</u>	<u>\$ 1,672,407</u>
Total Operating Budget - All Funds	\$ 6,524,712	\$ 4,021,705	\$ 2,503,007
Other Financing Uses:			
Kentucky Advance Revenue Program- Principal	894,995	894,995	
Principal on Capital Lease Agreement - Sheriff Vehicles	29,171	29,011	160
County Health Building	10,000	10,000	
TOTAL BUDGET - ALL FUNDS	<u>\$ 7,458,878</u>	<u>\$ 4,955,711</u>	<u>\$ 2,503,167</u>

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



Edward B. Hatchett, Jr. Auditor of Public Accounts

Honorable John H. Guion III, County Judge/Executive
Members of the Logan County Fiscal Court

Report On Compliance And On Internal Control Over Financial Reporting Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards

We have audited the financial statements of Logan County Kentucky, as of and for the year ended June 30, 1998, and have issued our report thereon dated November 30, 1998. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Logan County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Logan County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Honorable John H. Guion III, County Judge/Executive
Members of the Logan County Fiscal Court
Report on Compliance And On Internal Control Over Financial Reporting
Based On An Audit of Financial Statements Performed In Accordance
With Government Auditing Standards
(Continued)

This report is intended for the information of management. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a stylized flourish at the end.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
November 30, 1998

CERTIFICATION OF COMPLIANCE – LOCAL
GOVERNMENT ECONOMIC ASSISTANCE AND DEVELOPMENT PROGRAMS

LOGAN COUNTY FISCAL COURT


Fiscal Year Ended June 30, 1998

CERTIFICATION OF COMPLIANCE


LOCAL GOVERNMENT ECONOMIC ASSISTANCE AND DEVELOPMENT PROGRAMS

LOGAN COUNTY FISCAL COURT

The Logan County Fiscal Court hereby certifies that assistance received from the Local Government Economic Development Program and Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.



Name
County Judge/Executive



Name
County Treasurer

AUDITOR'S REPORT FOR THE
LOGAN COUNTY AMBULANCE SERVICE, INC.



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
LOGAN COUNTY AMBULANCE SERVICE, INC.**

Fiscal Year Ended June 30, 1998

**EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS
WWW.STATE.KY.US/AGENCIES/APA**

**144 CAPITOL ANNEX
FRANKFORT, KY 40601
TELE. (502) 564-5841
FAX (502) 564-2912**

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Edward B. Hatchett, Jr. Auditor of Public Accounts

To the People of Kentucky

Honorable Paul E. Patton, Governor

John P. McCarty, Secretary

Finance and Administration Cabinet

Sarah Jane Schaaf, Secretary, Revenue Cabinet

Honorable John H. Guion III, County Judge/Executive

Members of the Logan County Fiscal Court

Board of Directors of the Logan County Ambulance Service, Inc.

Independent Auditor's Report

We have audited the accompanying statement of assets, liabilities, and fund balance of Logan County Ambulance Service, Inc., Logan County, Kentucky, as of June 30, 1998, and the related statements of revenues, expenditures and changes in fund balance and the statement of cash flows for the year then ended. These financial statements are the responsibility of the Logan County Ambulance Service, Inc. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balance of Logan County Ambulance Service, Inc., Logan County, Kentucky, and the related statements of revenues, expenditures, and changes in fund balance and the statement of cash as of and for the year ended June 30, 1998, in conformity with generally accepted accounting principles.

Our audit was performed for the purpose of forming an opinion on the financial statements of Logan County Ambulance Service, Inc., Logan County, Kentucky, taken as a whole. The information provided on the accompanying schedules is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the financial statements taken as a whole.

To the People of Kentucky
Honorable Paul E. Patton, Governor
John P. McCarty, Secretary
Finance and Administration Cabinet
Sarah Jane Schaaf, Secretary, Revenue Cabinet
Honorable John H. Guion III, County Judge/Executive
Members of the Logan County Fiscal Court
Board of Directors of the Logan County Ambulance Service, Inc.

Based on the results of our audit, we present a schedule of Comments and Recommendations, included herein, which discusses the following areas of noncompliance:

- Internal Control Over Expenditures Needs Improvement
- The Ambulance Service Should Have Required Depository Institution To Pledge Securities Of \$18,350 As Collateral And Entered Into A Written Agreement To Protect Deposits

In accordance with Government Auditing Standards, we have also issued our report dated March 25, 1999, on our consideration of Logan County Ambulance Service, Inc., Logan County, Kentucky's compliance with certain provisions of laws, regulations, contracts, and grants, and internal control over financial reporting.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
March 25, 1999

STATEMENT OF ASSETS,
LIABILITIES, AND FUND BALANCE

LOGAN COUNTY AMBULANCE SERVICE, INC.
STATEMENT OF ASSETS,
LIABILITIES, AND FUND BALANCE

Fiscal Year Ended June 30, 1998

Assets

Current Assets:

Cash on Hand	\$ 50
Cash in Bank	9,268
Accounts Receivable - Net of Allowance for doubtful accounts (Note 2)	146,841
Insurance Proceeds Receivable (Note 2)	<u>8,435</u>

Total Current Assets		\$ 164,594
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Fixed Assets:

Building	\$ 116,719
Furniture and Fixtures	443
Machinery and Equipment	206,082
Leasehold Improvements	<u>12,374</u>

Subtotal		\$ 335,618
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Less: Accumulated Depreciation		<u>(199,449)</u>
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Net Fixed Assets		<u>136,169</u>
------------------	--	----------------

Total Assets		<u><u>\$ 300,763</u></u>
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Liabilities and Fund Balance

Liabilities

Current Liabilities:

Accounts Payable	\$ 23,364
Payroll Taxes Payable	19,891
Interest Payable	3,773
Notes Payable (Note 4)	<u>150,000</u>

Total Current Liabilities		\$ 197,028
---------------------------	--	------------

Fund Balance		<u>103,735</u>
--------------	--	----------------

Total Liabilities and Fund Balance		<u><u>\$ 300,763</u></u>
------------------------------------	--	--------------------------

The accompanying notes are an integral part of the financial statements.

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STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE

LOGAN COUNTY AMBULANCE SERVICE, INC.
STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE

Fiscal Year Ended June 30, 1998

Revenues

Ambulance Runs:

Base Rate Charges	\$ 423,770
Mileage	115,303
Oxygen and Supplies	94,262
Monitor/Defibrillator	40,755

Program Support:

Logan County Fiscal Court	137,071
---------------------------	---------

Grants:

Mammoth Cave Regional Foundation	75,000
----------------------------------	--------

Miscellaneous Income:

Insurance Proceeds	8,435
Miscellaneous Items	52

Total Revenues	\$ 894,648
----------------	------------

Less:

Medicare Markdowns	\$ 220,021	
Refunds	769	220,790

Net Revenues	\$ 673,858
--------------	------------

Expenditures

Schedule of Operating Expenditures	\$ 793,901
------------------------------------	------------

Deficiency of Revenues Under Operating Expenditures	(120,043)
--	-----------

Other Revenues and (Expenditures):

Interest Income	66
Gain on Sale of Machinery and Equipment (Note 2)	2,850
Interest Expense	(8,321)

Deficiency of Revenues Under Expenditures	\$ (125,448)
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Fund Balance - July 1, 1997	229,183
-----------------------------	---------

Fund Balance - June 30, 1998	\$ 103,735
------------------------------	------------

The accompanying notes are an integral part of the financial statements.

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STATEMENT OF CASH FLOWS

LOGAN COUNTY AMBULANCE SERVICE, INC.
STATEMENT OF CASH FLOWS

Fiscal Year Ended June 30, 1998

Cash Flows From Operating Activities:

Deficiency of Revenues Under

Expenditures

\$ (125,448)

Adjustments:

Depreciation Expense

29,884

Increase in Accounts Receivable

(72,371)

Increase in Other Receivables

(8,435)

Increase in Accounts Payable

16,351

Increase in Income Taxes Payable

13,375

Net Cash Provided by Operating Activities

\$ (146,644)

Cash Flows From Investing Activities:

Purchase of Equipment

\$ (14,970)

Net Cash Used in Investing Activities

(14,970)

Cash Flows From Financing Activities:

Increase in Notes Payable

\$ 150,000

Increase in Interest Payable

3,773

Net Cash Provided by Financing Activities

153,773

Net Decrease in Cash and Cash Equivalents

\$ (7,841)

Cash and Cash Equivalents at Beginning of Year

17,159

Cash and Cash Equivalents at End of Year

\$ 9,318

Summary:

Cash on Hand

\$ 50

Cash in Bank

9,268

Total

\$ 9,318

Supplemental Disclosure:

Cash Payments for:

Interest

\$ 4,548

The accompanying notes are an integral part of the financial statements.

LOGAN COUNTY AMBULANCE SERVICE, INC.
NOTES TO FINANCIAL STATEMENTS

Fiscal Year Ended June 30, 1998

Note 1. Organization

The Logan County Ambulance Service, Inc. was formed in 1975 to operate an emergency medical service in Logan County, Kentucky. On January 1, 1982, the operation of the Ambulance Service became the responsibility of a Board of Directors appointed by the Logan County Fiscal Court and the City of Russellville, Kentucky. The ambulance service is managed by a Director and Assistant Director under the guidance of the Board of Directors. As of June 30, 1998, the Board of Directors are as follows:

Ken Smith	Board Chairman
Albert Brown	Board Member
Brenda Duffy	Board Member
John H. Guion III	Board Member
David Hall	Board Member
Jean Hankins	Board Member
Ann Kemp	Board Member
Annette Priddy	Board Member
Wayne Stratton	Board Member
Phil Gregory	Director

Note 2. Summary of Significant Accounting Policies

A. Fund Accounting

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The government uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts.

B. Basis of Accounting

The financial statements were prepared on a modified accrual basis of accounting pursuant to generally accepted accounting principles. Consequently, revenues are recognized in the accounting period in which they become available and measurable and expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

LOGAN COUNTY AMBULANCE SERVICE, INC.
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 1998
(Continued)

Note 2. (Continued)

C. Cash and Investments

Cash includes amounts in bank accounts, and investments are stated at cost. Investments may include certificates of deposit on the financial statements; however, for the purpose of disclosing credit risk (Note 3), investments exclude certificates of deposit.

KRS 66.480 authorizes the ambulance service to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

D. Accounts Receivable

Accounts receivable consists of amounts due to Logan County Ambulance Service, Inc. from patients. Amounts uncollected after six months are written off as uncollectible. Accounts receivable as of June 30, 1998 was \$412,177. Allowance for doubtful accounts as of June 30, 1998 was \$265,336, which resulted in a net allowance for doubtful accounts of \$146,841. Bad debt expense as of June 30, 1998 was \$105,341.

E. Insurance Proceeds Receivable

Insurance proceeds of \$8,435 were due to Logan County Ambulance Service, Inc. from Kentucky Association of Counties' All Lines Insurance Funds (KALF) in settlement of a claim for an ambulance which was damaged.

F. Property and Equipment

Property and equipment are stated at cost. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets, which range from 5 to 30 years. Depreciation expense for the year ended June 30, 1998 was \$29,884.

During fiscal year 1998, the Logan County Ambulance Service, Inc. disposed of some machinery and equipment. In October 1998, the Logan County Ambulance Service, Inc. sold machinery and equipment of \$57,900 with accumulated depreciation of \$57,900 in a surplus property sale for \$2,850. This transaction resulted in a gain of \$2,850. During fiscal year 1998, the Logan County Ambulance Service, Inc. also transferred machinery and equipment of \$86,711 with accumulated depreciation of \$86,711 to various other governmental entities. These transactions resulted in no gains or losses.

LOGAN COUNTY AMBULANCE SERVICE, INC.
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 1998
(Continued)

Note 2. (Continued)

F. Property and Equipment (Continued)

The Logan County Ambulance Service, Inc. has the use of radio equipment with an estimated cost of \$48,914. This equipment was funded by federal grants through Barren River Emergency Medical Services and from local governments. Title of this equipment remains with the Cabinet for Health Services, Emergency Medical Services Branch. On September 18, 1998, the Cabinet for Health Services, Emergency Medical Services Branch, released any claim to the communications equipment purchased in part with grant funds through the Barren River Emergency Medical Services.

The Logan County Ambulance Service, Inc. has the use of equipment funded through Senate Bill 66 grants. Senate Bill 66 grants provide funding from the State of Kentucky and from local governments for the purchase of equipment. If any of this equipment is sold, a refund of the State share will be necessary. The Logan County Ambulance Service, Inc. sold or transferred some of this equipment during fiscal year 1998. The Logan County Fiscal Court has assumed responsibility for any resulting liability. The County Judge/Executive and County Attorney are currently negotiating with the State to determine the amount of funds to be refunded. However, the maximum amount the Logan County Fiscal Court will have to refund is \$15,000.

G. Income Taxes

The Logan County Ambulance Service, Inc. is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Note 3. Deposits

The Logan County Ambulance Service, Inc. maintains deposits with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to law, the depository institution should pledge sufficient securities as collateral which, together with FDIC insurance, equals or exceeds the amount on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge of securities should be evidenced by an agreement that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. This agreement, signed by both parties, must be sufficient to create an enforceable and perfected security interest in the collateral under Kentucky law. As of June 30, 1998, the bank balances were fully insured or collateralized with securities held by the ambulance service's agent in the ambulance service's name. However, as of June 10, 1998, the uncollateralized amount on deposit was \$18,350. The pledged securities and FDIC insurance did not equal or exceed the amount on deposit. In addition, the ambulance service did not have a written agreement with the depository institution.

LOGAN COUNTY AMBULANCE SERVICE, INC.
 NOTES TO FINANCIAL STATEMENTS
 Fiscal Year Ended June 30, 1998
 (Continued)

Note 3. Deposits (Continued)

	<u>Bank Balance</u>
Collateralized with securities held by the ambulance service's agent in the ambulance service's name	\$ 0
Collateralized with securities held by pledging depository institution in the ambulance service's name	0
Uncollateralized and uninsured	<u>18,350</u>
Total	<u>\$ 18,350</u>

Note 4. Short-Term Debt

A. Lewisburg Banking Company

On August 2, 1997, the Logan County Ambulance Service, Inc. became liable for a secured note payable to Lewisburg Banking Company in the amount of \$100,000. Purpose of the note is for operating expenses and equipment. The note matures on August 2, 1998 and the interest rate is 6 percent. The Logan County Ambulance Service, Inc. is in compliance with the terms of the agreement as of June 30, 1998.

On August 2, 1998, the Logan County Ambulance Service, Inc. renewed the above note for \$99,472. The renewed note matured September 16, 1998 and the interest rate was 6 percent. On September 11, 1998, the Logan County Ambulance Service, Inc. paid the note in full.

B. Logan Memorial Hospital

On November 17, 1997, the Logan County Ambulance Service, Inc. became liable for an unsecured note payable to Logan Memorial Hospital in the amount of \$50,000. The note matures upon demand and the interest rate is prime plus two percent. The Logan County Ambulance Service, Inc. is in compliance with the terms of the agreement as of June 30, 1998.

On September 11, 1998, the Logan County Ambulance Service, Inc. paid the note in full.

LOGAN COUNTY AMBULANCE SERVICE, INC.
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 1998
(Continued)

Note 5. Subsequent Events

On June 23, 1998, the Logan County Fiscal Court accepted the bid from Commonwealth Health Corporation in the amount of \$200,000 for the sale of assets of the Logan County Ambulance Service, Inc. effective July 1, 1998. The assets sold included furniture and fixtures and machinery and equipment of \$194,180. The Logan County Fiscal Court chose to keep the accounts receivable for services provided through June 30, 1998, certain machinery and equipment, buildings, and leaseholds. As of March 25, 1999, the Logan County Ambulance Service, Inc. had transferred these items to the Logan County Fiscal Court.

Note 6. Insurance

For the fiscal year ended June 30, 1998, Logan County Ambulance Service, Inc. was a member of the Kentucky Association of Counties' All Lines Insurance Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of a collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

SCHEDULE OF EXPENDITURES

LOGAN COUNTY AMBULANCE SERVICE, INC.
SCHEDULE OF EXPENDITURES

Fiscal Year Ended June 30, 1998

Operating Expenditures

Salaries and Wages	\$ 445,197
Payroll Taxes	34,605
Accounting and Audit Fees	4,295
Legal Fees	33,522
Fuel and Oil	9,384
Depreciation	29,884
Telephone	6,506
Utilities	7,072
Insurance - General	20,793
Worker's Compensation Insurance	5,679
Unemployment Insurance	1,745
Insurance - Group Medical	8,997
Laundry	5,815
Uniforms	5,051
Licenses	133
Repairs and Maintenance	10,647
Vehicle Repairs	8,435
Lawn Care	1,135
Signs and Decals	2,092
Computer Maintenance	1,000
Copier	5,012
Portable Radios and Pagers	1,771
Office Supplies	2,841
Medical Supplies	17,029
Contract Labor	2,442
Various Tax Penalties	3,343
Refunds	96
Rental	2,950
Appraisal	851
Loan Fees	170
Travel and Seminars	2,727
Bad Debts	105,341
Postage	4,368
Miscellaneous	2,973
	<hr/>
Total Operating Expenditures	<u>\$ 793,901</u>

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



Edward B. Hatchett, Jr.
Auditor of Public Accounts

Honorable John H. Guion III, County Judge/Executive
Members of the Logan County Fiscal Court
Board of Directors of the Logan County Ambulance Service, Inc.

Report On Compliance And On Internal Control Over Financial Reporting Based On An
Audit Of Financial Statements Performed In Accordance With Government Auditing Standards

We have audited the financial statements of Logan County Ambulance Service, Inc., Logan County, Kentucky, as of and for the year ended June 30, 1998, and have issued our report thereon dated March 25, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Logan County Ambulance Service, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Logan County Ambulance Service, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Logan County Ambulance Service, Inc.'s ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. This reportable condition is described in the accompanying schedule of Comments and Recommendations.

- Internal Control Over Expenditures Needs Improvement

Honorable John H. Guion III, County Judge/Executive
Members of the Logan County Fiscal Court
Board of Directors of the Logan County Ambulance Service, Inc.
Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of Financial
Statements Performed In Accordance With Government Auditing Standards
(Continued)

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

This report is intended for the information of management. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a stylized flourish at the end.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
March 25, 1999

COMMENTS AND RECOMMENDATIONS

LOGAN COUNTY AMBULANCE SERVICE, INC.
COMMENTS AND RECOMMENDATIONS

Fiscal Year Ended June 30, 1998

REPORTABLE CONDITIONS

1) Internal Control Over Expenditures Needs Improvement

Logan County Ambulance Service, Inc. failed to maintain or produce proper documentation for all expenditures during the audit period. The ambulance service also failed to pay all expenditures within thirty days. We recommend that the Logan County Ambulance Service, Inc. retain invoices and other supporting documentation for all disbursements and that these documents be stamped, perforated, or otherwise canceled to reflect payments. We also recommend the ambulance service pay all expenditures within thirty days as required by KRS 65.140.

Management's Response:

While acting as Director of LCAS, I made an effort to pay only proper documentation, which was approved by our board of Directors in its monthly meetings. If funds were available, I tried to see that payments were made promptly. I understand that some documentation may have been misplaced following my involvement and relocation of the records by Logan County. I agree with the recommended procedure.

NONCOMPLIANCES

2) The Ambulance Service Should Have Required Depository Institutions To Pledge Securities Of \$18,350 As Collateral And Entered Into A Written Agreement To Protect Deposits

The ambulance service's deposits were not adequately secured by \$18,350 as of June 10, 1998. Under provisions of KRS 66.480(1)(d) and KRS 41.240(4), banks are required to provide pledges of securities for interest-bearing and noninterest-bearing deposits if either exceeds the \$100,000 amount of insurance coverage provided by the Federal Deposit Insurance Corporation. The ambulance service should require the depository institution to pledge sufficient securities as collateral to insure deposits at all times. We also recommend the ambulance service enter into a written agreement with the depository institution. This agreement, signed by both parties, must be sufficient to create an enforceable and perfected security interest in the collateral under Kentucky law. According to federal law, 12 U.S.C.A. § 1823(e), this agreement should be (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution.

Management's Response:

I agree with the recommended procedure.